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CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

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COUNTRY **East Germany** REPORT NO.

SUBJECT **Steps Taken by the SED Central Committee to Relieve the East German Economic Situation** DATE DISTR. **10 February 1954**

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1. At 2 p.m. on 6 October 1953, a meeting was held by the SED Central Committee in East Berlin, with Gerhard Ziller, Minister for the Construction of Heavy Machinery, presiding. Also present were Kurt Gregor, Minister for Foreign and Interzonal Trade, Curt Wach, Minister for Trade and Supply, Greta Kuukhoff, President of the Deutsche Notenbank, Ernst Lange, Deputy Chairman of the Central Commission for State Control, several SCC representatives, and Deputy Minister-President Walter Ulbricht.
2. Curt Wach spoke of the great decrease of sales as recorded by his Ministry. Making reference to deficits which had accumulated by 30 September 1953, he mentioned, among others, 65 million eastmarks for hosiery, 104 million eastmarks for household linen, 93 million eastmarks for clothing, 14 million eastmarks for underwear, 150 million eastmarks for miscellaneous clothing, 15 million eastmarks for work clothes, 14 million eastmarks for automobiles, 7 million eastmarks for bicycles, 30 million eastmarks for electrical articles, and 11 million eastmarks for clocks. He also stated that only a six-weeks' supply of fresh meat was stored in East Germany as of 6 October.
3. Greta Kuukhoff, President of the Deutsche Notenbank, reported that the general decline of trade had caused a serious shortage of currency, amounting to 81.6 million eastmarks. She said that, since the Deutsche Notenbank was unable to extend credits, enterprises would soon be unable to pay salaries, and she stated that the decrease of trade was caused by the fact that the production quota of consumer goods was not fulfilled, and that the population was waiting for the price regulations for 80 enterprises. Her report left all present in a state of perplexity.
4. The conferees decided that action be taken immediately, and that, on 7 October 1953, Kurt Gregor fly to Moscow to discuss the supply of food and raw material.¹ They also resolved that the next meeting of the Central Committee be held on 12 October 1953 and that a list of enterprises responsible for the economic crisis be presented

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to the board to make it possible for the board to take remedial action. The conferees agreed that a tabulation be made listing required raw materials, according to the degree of necessity. This list is to be presented at the next meeting on 12 October 1953.

5. The conference on 6 October also ordered that all main administrations of the ministries work out suggestions to be made for 1954 and 1955 within the Chinese aid program, and that they prepare a plan for the reconstruction of Chinese industry, with a view to rehabilitating only those plants which would not be capable of competing with East German production. The conferees also decided that, after the meeting on 12 October, Minister Gregor and a commission go to China to coordinate these plans and suggestions.

1. Comment: This information tends to indicate that Minister Gregor was sent to Moscow, because the raw materials and food shipments promised by Moscow in August 1953 had not yet been started to any considerable degree.

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